

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 03 - 25	2. STATE: TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: November 1, 2003	
5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION:		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2004 \$ \$-68,667,930 b. FFY 2005 \$ \$-161,460,215	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT	
10. SUBJECT OF AMENDMENT: This amendment will implement a Preferred Drug List, prior authorization program, and the Pharmaceutical and Therapeutics Committee. <div style="text-align: right; margin-top: 20px;"> <i>Texas 03-25</i> <i>Approved: 01/30/04</i> <i>Effective: 11/01/03</i> </div>			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Sent to Governor's Office this date. Comments, if any, will be forwarded upon receipt. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>C. E. Bell, M.D. for</i>		16. RETURN TO: Jason Cooke State Medicaid/CHIP Director Post Office Box 13247 Austin, Texas 78711	
13. TYPED NAME: Jason Cooke			
14. TITLE: State Medicaid/CHIP Director			
15. DATE SUBMITTED: November 7, 2003			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 7 NOVEMBER 2003		18. DATE APPROVED: 30 JANUARY 2004	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 NOVEMBER 2003		20. SIGNATURE OF REGIONAL OFFICIAL: <i>Andrew A. Fredrickson</i>	
21. TYPED NAME: ANDREW A. FREDRICKSON		22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIV OF MEDICAID & CHILDREN'S HEALTH	
23. REMARKS:			

12.a. Prescribed Drugs

Prescribed Drugs are limited as follows:

- A. Number of Prescriptions: Each eligible recipient is entitled to a basic number of prescriptions each month. *
- B. Number of Refills: As many as five refills may be authorized by the prescriber, but the total number authorized must be dispensed within six months of the date of the original prescription subject to State and Federal laws for controlled substance drugs.
- C. Coverage of Drugs in the Texas Drug Code Index (TDCI): The State will reimburse only for the drugs of pharmaceutical manufacturers who have entered into and have in effect a rebate agreement in compliance with Section 1927 of the Social Security Act, unless the exceptions in Section 1902 (a) (54), 1927 (a) (3) or 1927 (d) apply. The State permits coverage of participating manufacturers' drugs, even though it may be using other restrictions. The prior authorization program provides for a 24-hour turnaround from receipt of the request for prior authorization. The prior authorization program also provides for a 72-hour supply of drugs in emergency situations.
- D. Prior Authorization Procedures: A health care practitioner who prescribes a drug that is not included on the Preferred Drug List (PDL) for a Medicaid recipient must request prior authorization of the drug to the State Agency or its designee. Specific procedures for the submission of requests for prior authorization will be available both on the Health and Human Services Commission's (HHSC) Internet website and in printed form. A health care practitioner may request a printed copy of the procedures and forms from HHSC. This prior authorization requirement does not apply to a newly enrolled Medicaid recipient until the 31st calendar day after the date of the determination of the recipient's Medicaid eligibility.

* Durational, dollar, and quantity limits are waived for recipients of EPSDT services. Services allowable under Medicaid laws and regulations may be covered when medically necessary.

SUPERSEDES TN- 91-33

STATE <u>Texas</u>	A
DATE REC'D <u>11-7-03</u>	
DATE APPV'D <u>1-30-04</u>	
DATE EFF <u>11-1-03</u>	
HCFA 179 <u>03-25</u>	

TN No. 03-25
Supersedes
TN No. 91-33

Approval Date 1-30-04

Effective Date 11-1-03

STATE <u>Texas</u>	A
DATE REC'D <u>11-7-03</u>	
APPROV'D <u>1-30-04</u>	
State of Texas <u>11-1-03</u>	
<u>03-25</u>	Appendix 1 to Attachment 3.1-A Page 24a

E. Preferred Drug List: The state agency will consider a drug listed on the TDCI for inclusion in the PDL based on the following factors:

1. The recommendations of the Pharmaceutical and Therapeutics Committee (P&T committee);
2. The clinical efficacy of the drug consistent with the determination of the Food and Drug administration and the recommendations of the P&T committee;
3. Comparison of the price of the drug and the price of competing drugs to the Texas Medicaid outpatient drug program;
4. A program benefit offered by the manufacturer or labeler of the drug and accepted by the state;
5. Written evidence offered by a manufacturer or labeler supporting the inclusion of a product on the PDL.

The state will examine information from any or all of these sources when considering the drugs to be included in the PDL.

The State will only include on the PDL drugs provided by a manufacturer or labeler that reaches an agreement on a supplemental rebate with the state.

F. Supplemental Medicaid Drug Rebate Agreement: Pursuant to Section 1927 of the Act, the state has the following policies for Medicaid supplemental rebates:

- a) A model agreement between the state and a drug manufacturer for drugs provided to the Medicaid population, submitted to CMS on January 29, 2004, and entitled "Texas Health and Human Services Commission, Title XIX Vendor Drug Program, Supplemental Rebate Agreement", has been authorized by CMS.
- b) Supplemental rebates received by the state in excess of those required under the national drug rebate agreement will be shared with the Federal government on the same percentage basis as applied under the national rebate agreement.

G. P&T Committee: The P&T committee is established in accordance with §531.074 of the Texas Government Code, and will develop recommendations for preferred drug lists to be adopted by the state. The P&T committee is appointed by the governor and consists of six physicians and five pharmacists. The P&T committee shall meet at least quarterly to consider products in categories the state recommends for consideration. In developing its recommendations for a PDL, the P&T committee shall consider, for each product included in a category of products, the clinical efficacy, safety, cost-effectiveness and any program benefit associated with the product. The P&T committee shall inform the State Agency of its reasons for recommending drugs for the PDL. The P&T committee shall maintain confidentiality of information used in considering their recommendations including any information deemed confidential by law.

SUPERSEDES: TN- 91-33

TN No. 03-25
Supersedes
TN No. 91-33

Approval Date 1-30-04

Effective Date 11-1-03

- H. Public Notice: The State Agency will publish notice of the meetings of the P&T committee. The notices will include the categories to be considered at the upcoming meeting and instructions concerning filing of written comments and application to provide public testimony before the committee. The PDL will be published on the HHSC website. Within 10 days following the State Agency's decision on the recommendations of the P&T committee, the Agency will publish revisions to the PDL on the HHSC website.
- I. No payment will be made for drugs in hospitals, nursing facilities and other institutions where those drugs are included in the reimbursement formula and vendor payments to the institution.
- J. Expanded pharmacy benefits under EPSDT will end on the last day of the month in which the individual has his or her 21st birthday.

SUPERSEDES: NONE - NEW PAGE

STATE <u>Texas</u>	A
DATE REC'D <u>11-7-03</u>	
DATE APP'D <u>1-30-04</u>	
DATE EFF <u>11-1-03</u>	
HCFA 179 <u>03-25</u>	

TN No. 03-25
SUPERSEDES: NONE - NEW PAGE
TN No. _____

Approval Date 1-30-04Effective Date 11-1-03

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DATE EFF <u>11-1-03</u>	
HCFA 179 <u>03-25</u>	

TN No. 03-25
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TN No. 91-33

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Effective Date 11-1-03

State of Texas

STATE <u>TEXAS</u>	A
DATE REC'D <u>11-7-03</u>	
DATE APPROV'D <u>1-30-04</u>	
DATE EFF <u>11-1-03</u>	
HCFA 179 <u>03-25</u>	

Appendix 1 to Attachment 3.1-B
Page 24a

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